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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MAY 14, 1998

NOTIFICATION OF

EQUITABLE RESOURCES ENERGY COMPANY

CASE NO. PUE980233

To furnish gas service to P.C.
Virginia Synthetic Fuel #1, L.L.C.
pursuant to § 56-265.4:5 of the
Code of Virginia

ORDER DOCKETING PROCEEDING
AND PROVIDING NOTICE

On May 7, 1998, Equitable Resources Energy Company ("EREC" or "the Company") notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of its plans to furnish gas service to P.C. Virginia Synthetic Fuel #1, L.L.C. ("PCVA"). On May 14, 1998, EREC filed a supplement to its notification documents ("notification").

According to its notification, EREC is a West Virginia corporation engaged in the exploration, production and gathering of natural gas and is authorized to conduct business in Virginia in its own name. PCVA is a Delaware limited liability company engaged in the manufacture of coal-based synthetic fuels and is constructing a synthetic fuels plant in the vicinity of Blackwood, Wise County, Virginia ("Blackwood Plant").

EREC advises in its notification that it plans to produce and sell natural gas to PCVA to be used by PCVA at its Blackwood plant. EREC states that it has agreed to supply an average daily amount of gas of 1,300 MBTU per day with a delivery pressure of 6 Psig to PCVA.

EREC represents that PCVA has agreed to pay it a demand charge of \$0.17/MMBTU for a period of five (5) years based on a throughput of 1,300 MMBTU/day. During an initial five (5) year term, PCVA has agreed to pay EREC on a MMBTU basis for all gas sold, at a price equal to the Columbia Gas Transmission Corporation Appalachian Index, as published in Inside F.E.R.C.'s Gas Market Report at the beginning of each month, plus \$0.75/MMBTU. PCVA will be responsible for any applicable taxes on the sale or delivery of gas. In addition, PCVA has agreed to pay EREC's actual and direct costs of maintaining the gathering pipeline extension plus ten (10) percent.

The location of EREC's facilities are shown on a map labeled Exhibit B attached hereto. EREC will construct, operate, and maintain a 4-inch natural gas pipeline extension of its Roaring Fork Gathering System of approximately 1.5 miles in length in order to provide service to the Blackwood Plant. The gathering pipeline will include standard metering and system components and is designed to meet, but not exceed, PCVA's gas volume and service requirements. The gathering pipeline is or will be

covered by EREC's gathering pipeline permits to be issued by the Virginia Department of Mines, Minerals and Energy.

A legal description of the location and pipeline route EREC intends to employ to furnish gas service to PCVA follows:

Beginning at a point on EREC's Roaring Fork Gathering System existing 4" pipeline #10106, said beginning point being approximately 3500' south southeast of Kent Junction; thence running across the lands of Penn Virginia Resources Corporation in a northeasterly direction approximately 3500' to a point in the line of Blackwood Operating Company ("BOC"); thence continuing across BOC lands northeasterly approximately 2250'; thence easterly approximately 2450'; crossing Alternate U.S. 58 at 1000', Norfolk-Southern Railroad at 1080' and Powell River at 1200'; thence northeasterly 700'; thence northwesterly 400'; thence approximately parallel to the railroad northeasterly 500'; thence southerly to the PCVA site at Blackwood.

EREC has certified that upon its information and belief, there is no public utility certificated to provide gas service in the area shown on Exhibit B, and that, as of the time of this notification, the area shown on Exhibit B is not within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992. The notification further advises that gas service is expected to commence upon July 1, 1998, or as soon as practicable after a determination by the Commission that the facilities are located in a territory for which no certificate of public convenience and necessity has been granted to supply natural gas service.

On May 13, 1998, the Staff of the State Corporation Commission filed a memorandum advising that PCVA's facilities are not located within a territory for which a certificate of public convenience and necessity has been granted and that, as of the time of receipt of EREC's notice, PCVA's facilities were not located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

NOW, THE COMMISSION, upon consideration of the captioned notification, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that this matter should be docketed; that PCVA's facilities are not located within a territory for which a certificate has been granted, or, as of the time of the Commission's receipt of the notice provided for by § 56-265.4:5 of the Code of Virginia, are not located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992; that a copy of the captioned notification should be made available for public inspection in the Commission's Document Control Center during regular business hours; that, consistent with § 56-265.4:5 of the Code of Virginia, this Order should serve as a notification to all public utilities providing gas service in the Commonwealth of EREC's plans to furnish gas service and should be mailed to all public utilities providing gas service in the Commonwealth; and that within sixty days of

the entry of this Order, any public utility so notified may file an application to provide natural gas service to the area identified in Exhibit B hereto.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE980233.

(2) A copy of the captioned notification shall be made available for public inspection in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, during the hours of 8:15 a.m. to 5:00 p.m., Monday through Friday.

(3) A copy of this Order shall be served upon all public utilities providing natural gas service in the Commonwealth.

(4) Within sixty days of the entry of this Order, any gas public utility served with this Order may file an application with the State Corporation Commission to provide natural gas service within the area identified in Exhibit B hereto.

(5) This matter shall be continued until further Order of the Commission.